

EXHIBIT 10

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1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

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4 SECURITIES INVESTOR

5 PROTECTION CORPORATION,

6 Plaintiff,

7 v.

Adv. Case No. 08-01789(SMB)

8 BERNARD L. MADOFF

9 INVESTMENT SECURITIES

10 LLC,

11 Defendant.

12 - - - - - x

13 U.S. Bankruptcy Court

14 One Bowling Green

15 New York, New York

16
17 August 24, 2016

18 10:10 AM

19
20
21 B E F O R E :

22 HON STUART M. BERNSTEIN

23 U.S. BANKRUPTCY JUDGE

1 THE COURT: Right.

2 MS. CHAITMAN: He had a very, very clear ability
3 to testify as to what the (indiscernible) entries meant.

4 THE COURT: Anything else?

5 MR. KRATENSTEIN: Your Honor, Andrew Kratenstein,
6 I represent the Sage defendants.

7 And Ms. Chaitman may have covered this when she
8 said that one of the topics was the extent to which the
9 Ponzi scheme overcomes the legitimate trading. Just to put
10 a fine --

11 THE COURT: No, I understand. That's why I said
12 it's not an on/off switch.

13 MR. KRATENSTEIN: Right. Just to put a finer
14 point on that, because I want to be clear since you're
15 asking about scope.

16 One of the questions about scope is whether the
17 Ponzi scheme extended beyond the so-called split strike
18 strategy or went to the so-called directed trading and
19 (indiscernible) bond arbitrage that Mr. Madoff did with a
20 number of accounts, including my clients' accounts.

21 THE COURT: These are not investment advisory
22 accounts?

23 MR. KRATENSTEIN: They were investment advisory
24 accounts, but they were different. They were not in split
25 strike for the entirety of the period, which is relevant

1 because if he's admitted to a "split strike Ponzi scheme"
2 that's one thing, but if he's saying that that's the scope
3 of the Ponzi scheme, it didn't go beyond "split strike" --

4 THE COURT: Okay.

5 MR. KRATENSTEIN: -- then that's relevant.

6 MS. NEVILLE: Your Honor, Carole Neville.

7 To add to that, in 1997 apparently a large number
8 of these so-called arbitrage accounts were switched over to
9 split strike conversion and it happened in six of my
10 accounts, and I'd like to find out what actually occurred
11 that the point. That was --

12 THE COURT: It sounds like this --

13 MS. NEVILLE: -- the summer of 1997.

14 THE COURT: It sounds like that's a specific
15 question about specific --

16 MS. NEVILLE: It covers --

17 THE COURT: -- accounts, and I thought that the
18 first day was more of a general type of thing, otherwise
19 just do it in one day.

20 MS. NEVILLE: But this is -- covers a large number
21 of clients, so it may play into this idea that there was
22 some separate activity in the Madoff operations that held
23 those arbitrage accounts and others -- accounts from the
24 same period as split strike conversion.

25 THE COURT: All right. Anything else?

1 MS. CHAITMAN: I think that's it for the first
2 day, Your Honor.

3 THE COURT: Let me hear from the trustee.

4 MR. MURPHY: Good morning, Your Honor. Keith
5 Murphy, Baker Hostetler, counsel for the trustee.

6 Your Honor, just to begin, there are 83 adversary
7 proceedings impacted by these folks --

8 THE COURT: Right.

9 MR. MURPHY: -- including Ms. Chaitman and the 6
10 people who have filed. That relates to 136 BLMIS accounts
11 in those 83 adversary proceedings.

12 We raised several issues in our response. The
13 first is with respect to those cases where fact discovery
14 was already closed --

15 THE COURT: Right, and I said that I wouldn't
16 extend it for those, and I'm not going to.

17 MR. MURPHY: Okay, great, then I don't think there
18 was any objection to that. So that would be fine.

19 The second category, Your Honor, are those cases
20 where fact discovery was still open as of July 7th but is
21 closing, was about to close, or will close during this
22 process.

23 So we would request, Your Honor, that the -- that
24 just because of this process that the case management order
25 deadlines that are previously set in all of these cases not

1 be modified. They shouldn't be extended as a result of this
2 process.

3 THE COURT: Well I said that I would -- if I'm
4 going to allow the deposition of Madoff I'm obviously going
5 extend it for that purpose.

6 MR. MURPHY: Agreed, and that's what we discussed
7 at the July 20 hearing. I did clarify at the time, Your
8 Honor, that I would just -- we were asking that it just be
9 extended for purposes of taking Mr. Madoff's deposition and
10 then to allow the trustee to rebut anything that he might
11 say.

12 THE COURT: Well, I don't know if I would do that,
13 but why don't we just leave it that they can take the
14 deposition and then we'll see what happens after that.

15 MR. MURPHY: That's fine, Your Honor.

16 I would just add during that July 20 hearing, I
17 don't know that you had a chance to look at the transcript,
18 but the point I made at that time was that this process
19 shouldn't be used to hit restart on all of discovery for the
20 defendants now that it's coming towards the end or near the
21 end of their fact discovery deadline. I think the Court
22 understood that point and said it agreed.

23 With respect to the start date of the fraud, Your
24 Honor, the 1992 date was not something that we picked, it
25 was something that occurred in the notices and